

that changing the point-of-sale systems would be very burdensome. AT&T has numerous sales channels using dozens of systems and processes at the point of sale. Revising these systems and processes to comply with a new point-of-sale requirement would require substantial development, testing, and deployment that would take several months to a year to complete, at a cost of several million dollars. In addition, sales and customer service representatives will have to be trained and spend time explaining the new point-of-sale requirements to customers and responding to questions. This will add time to each sale and it will use additional customer service support time. Even if these tasks use up only a few minutes of sales and customer service representatives' time each day, these additional costs could easily exceed several million dollars per year.

4. In my view, these new burdens are not offset by any practical uses or other benefits. Existing and potential customers already have access to the full text of AT&T's broadband Internet disclosures from AT&T's website before, during, and after the point of sale. In addition, at the point of sale, customers are provided the link to the AT&T website containing broadband Internet disclosures.

5. If the FCC did intend to alter its existing point-of-sale disclosure requirements such that all or a portion of the text of the broadband Internet disclosures must be provided to customers at the point of sale, the FCC should give providers sufficient lead time to implement those changes before enforcing them and waive the requirements for existing inventory with disclosures contained within packaging. As noted, the point-of-sale systems for numerous sales channels would need to be modified and sales agents would need to be trained. In addition, for many prepaid products, AT&T's disclosures are enclosed within the packaging containing the device purchased by the customer. AT&T already has a substantial inventory of these packaged

devices that will take several months (and perhaps longer) to sell through, and it is not feasible to change the disclosures in these packages. Doing so would require opening each package, replacing the disclosures, and repackaging the device. In many cases, this process would cost more than AT&T would obtain from the sale of the device. These costs would be in the tens of millions of dollars. Accordingly, any new FCC requirements should give providers sufficient lead time to revise all existing disclosures to comply with the new rules, and AT&T should be given waivers from compliance for existing inventory that does not contain those disclosures.

III. PROVIDING ALL OR A PORTION OF THE TEXT OF THE TRANSPARENCY DISCLOSURES AT THE POINT OF SALE WOULD IMPOSE SUBSTANTIAL BURDENS ON AT&T

6. AT&T sells mobile and wireline broadband Internet access services through numerous sales channels. These sales channels use dozens of different systems and processes at the point of sale. Consequently, a new point-of-sale requirement that makes AT&T's current practice of providing a link to its broadband Internet website at the point of sale inadequate, and instead requires AT&T to provide all or a portion of the text of its broadband Internet disclosures at the point of sale, would require substantial changes to each of these point-of-sale systems and processes as well as time training the relevant sales staff and customer service representatives to implement them and respond to customer inquiries about them. It is also important to recognize that modifications to point-of-sale systems require substantial oversight and testing by experienced IT personnel before deployment, because any mistake could be very costly, *e.g.*, lost sales or incorrect recording of customer orders.

7. In the sections below, I describe the numerous sales channels that would require substantial modifications to comply with a new point-of-sale requirement, as well as some of the unique complex issues raised by each sales channel. Overall, revising the point-of-sale systems and processes to include some or all of the text of the broadband Internet disclosures would

require AT&T to plan, design, test and validate changes to as many as 35 systems. In some instances, physical visits to point-of-sale locations will be required. And, because there is significant interdependency and interoperability among all AT&T systems, changes to the different point-of-sale systems must account for their impact on each other and on AT&T's other systems.

8. The FCC does not explain how providers would have to change their point-of-sale systems, and there are many ways to do that. AT&T has examined multiple options, and it is clear that any approach would be extremely costly. AT&T's IT group has estimated that the cost of changing these point-of-sale systems for AT&T's mass market mobile postpaid, GoPhone, Cricket, and wireline systems would almost certainly exceed \$6 million. In addition, as described below, these costs do not include the potential need for repackaging devices that already contain the previous point-of-sale disclosures, development of new paper copies of disclosures for sales channels that rely all or in part on paper rather than electronic systems, nor the costs of developing and implementing training for the tens of thousands of AT&T sales and customer service representatives who must become familiar with the new systems in order to implement them and respond to customer questions about them. It also excludes the additional time that sales and customer service representatives will spend responding to questions about the new disclosures. As explained below, these additional tasks could easily add more than \$10 million to the cost of the new point-of-sale requirements. In other words, as described below, total costs could exceed \$16 million, and could easily be higher.

A. AT&T's Post-Paid Mobile Services.

9. AT&T's post-paid mobile services are sold through *eight* distinct sales channels: (1) AT&T-owned stores; (2) AT&T call centers; (3) AT&T online; (4) national retailers (*e.g.*, Best Buy) in-store; (5) national retailers online; (6) independent dealers in-store; (7) Apple in-

store; and (8) Apple online. The point-of-sale systems and processes for each of these sales channels would have to be modified to comply with a new rule that requires providers to give customers more than a link to the website containing the relevant disclosures. Overall, these changes would require AT&T to develop the new requirements, assess the impact on the systems architecture, develop the required applications, and conduct systems integration testing, end-to-end testing, and implementation.

10. *AT&T Stores.* AT&T operates just over two thousand “brick and mortar” stores, which use one of two point-of-sale systems: a desktop system or a tablet-based portable version. When using the desktop system, customer consent and signatures are captured using the signature capture (“SigCap”) terminals at the point of sale. These terminals currently provide customers with a link to AT&T’s website containing AT&T’s broadband Internet disclosures. Adding all or a portion of the text of AT&T’s broadband Internet disclosures to the SigCap system is possible, but it would require AT&T to revise the system. AT&T would have to re-orient content displays on the signature capture devices; re-sequence communications that take place across the network between SigCap terminals and connected systems; remotely deploy updated firmware to approximately 7,500 SigCap devices (this requires approximately two weeks of overnight monitored deployment due to network bandwidth limitations); physically visit and manually install firmware on a few hundred devices (because a small percentage of remote updates typically fail); test, pilot, and deploy point of sale changes in an integrated release; and finally launch full functionality in at least three separate waves over the course of about one month (the waves are required to accommodate the different sales sequences required by different regulations in California, Puerto Rico, and the continental U.S.).

11. Second, some AT&T stores use a tablet-based system. This system also provides customers with a link to AT&T's website containing AT&T's broadband Internet disclosures. Revising this system to provide some or all of the broadband Internet disclosures at the point of sale would require AT&T to enable full content and a scroll box within multiple sales flows, re-orient pages to accommodate new space requirements, re-test all pages among various operating systems and browsers to ensure proper display, and deploy changes in a major integrated release to ensure inter-operability among all systems.

12. When customers purchase service at an AT&T store, AT&T also provides the customer with a customer service summary ("CSS"), which also contains a link to the website containing AT&T's broadband information disclosures. To the extent AT&T is required to modify its CSSs to include all or a portion of the text of AT&T's broadband Internet disclosures, AT&T will incur substantial additional costs.

13. *AT&T Call Centers.* AT&T takes orders for products and services by telephone. It is not practical for AT&T sales representatives to read several pages of broadband Internet disclosures over the telephone. Instead, when a customer purchases AT&T services over the telephone, the customer is provided with a Customer Service Summary Email ("CSS Email") that, among other things, includes a link to AT&T's website containing the broadband Internet disclosures. If the customer is unable to receive an email, the customer is sent a paper copy that includes a link to the broadband Internet disclosures. Revising these systems to provide all or a portion of AT&T's broadband Internet disclosures would require AT&T to re-orient pages of the existing CSS Email to accommodate added verbiage, ensure alignment and appropriate pagination for a variety of features and product sets across all customer types, test the new disclosures on various browsers and applications across multiple operating systems, and deploy

as part of a major release. In addition, the scripts for CSS agents would have to be modified to account for the change in the point-of-sale disclosures.

14. *AT&T Online.* AT&T's online sales channel uses a system that presents the customer with the terms of service and a link to the AT&T website containing the text of AT&T's broadband Internet disclosures. Adding all or a portion of AT&T's broadband Internet disclosures would require AT&T to revise, test, and deploy these systems. AT&T would have to re-orient pages to accommodate new space requirements, and re-test all pages among various operating systems and browsers to ensure proper display.

15. *National Retailers.* AT&T services are also sold through national retailers, such as Best Buy and Wal-Mart. There are more than eight thousand national retailer locations where AT&T's products and services are sold. These national retailers sell AT&T mobility services both in-store and online, and they have their own point-of-sale systems. For in-store sales, AT&T supplies national retailers with booklets containing AT&T's terms of service and other information, which are available to customers at the point of sale. These booklets include a link to the AT&T website containing AT&T's broadband Internet disclosures. In addition, after purchasing service from a national retailer, the customer receives a CSS Email summarizing the transaction, which includes a link to the website containing AT&T's broadband Internet disclosures. To provide all or a portion of the text of these disclosures at the point of sale at national retailers, AT&T would have to develop revised booklets that contain this information that would have to be distributed to the thousands of national retailer locations nationwide. Moreover, many of the transparency disclosures are fluid (e.g., speed, latency, and packet loss) and will have to be periodically updated, which means that new paper versions of the disclosures will have to be developed and provided to the national retailers regularly. In addition, AT&T

would have to revise the systems used to provide the CSS Email so that the email contains the relevant transparency disclosures. Revising these CSS systems would require the same tasks described above for revising AT&T's CSS systems for services sold through AT&T-owned sales channels, plus the additional complications of coordinating with the national retailers.

16. National retailers also sell AT&T postpaid mobility services online through their own websites. These websites currently provide a link to the AT&T website containing AT&T's transparency disclosures. To the extent these systems have to be revised to comply with a new point-of-sale requirement, AT&T would have to assist national retailers as they re-orient pages to accommodate new space requirements, and work with each to re-test all pages among various operating systems and browsers to ensure proper display.

17. *AT&T Mobility Dealers.* In addition to national retailers, AT&T sells mobile services through more than three thousand independent dealers. These dealers generally rely on two separate point-of-sale systems and processes, each of which would have to be modified to comply with a new requirement to present all or a portion of the text of AT&T's broadband Internet disclosures at the point of sale.

18. First, for some dealers, AT&T supplies printed booklets containing relevant terms and conditions, including a link to the website containing AT&T's broadband Internet disclosures. In addition, AT&T provides dealers with a CSS document that the dealer prints and provides to the customer. This CSS document also contains a link to the website containing AT&T's broadband Internet disclosures. To enable dealers to provide all or a portion of the text of AT&T's broadband Internet disclosures at the point of sale, AT&T would have to provide (1) revised booklets that contain those provisions and (2) revised CSS materials that contain those provisions.

19. Second, some dealers have SigCap terminals. These systems currently identify the AT&T website containing the transparency disclosures, and customers can print this information from the SigCap terminal. These SigCap terminals are managed by AT&T. These SigCap systems can be modified to include the text of AT&T's broadband Internet disclosures. However, dealer signature devices have a distinct configuration from AT&T's company-owned retail stores. The dealer devices are connected directly to the point-of-sale terminals as opposed to being networked. AT&T, therefore, would need to re-orient content displays specifically for the dealer signature capture devices; remotely deploy updated firmware to thousands of devices (this requires about two weeks of overnight monitored deployment due to bandwidth limitations); work with dealers to manually install the changes for the small percentage of devices for which remote updates typically fail; and test, pilot and launch full functionality in an integrated release.

20. *Apple Stores.* Apple sells AT&T services through Apple's online store and retail stores. AT&T works closely with Apple to ensure that customers of AT&T's services are presented with the proper information at the point of sale, either online or on Apple's in-store "easy pay" devices. Modifying these processes will require AT&T and Apple to modify the disclosures shown at the point of sale. AT&T would need to assist Apple to re-orient pages to accommodate new space requirements and to re-test all pages to ensure proper display. Apple-impacting projects require substantial coordinated testing.

21. *Connected Vehicles.* AT&T also offers services that permit customers to add compatible vehicles to their mobile data plans, typically to enable a mobile Wi-Fi hotspot within the vehicle. The point-of-sale systems and processes vary for AT&T's various automobile partners. To the extent these systems and processes must be altered to include all or a portion of

the text of AT&T's broadband Internet disclosures, AT&T and its automobile partners would have to revise these point-of-sale systems and processes.

B. AT&T's Mobile Prepaid Services.

22. AT&T's prepaid services raise unique issues. A fundamental feature of prepaid services is that consumers can purchase prepaid devices from many sources and then later activate and fund them. To ensure that prepaid customers obtain required disclosures, AT&T has adopted the industry-wide practice of including the relevant terms of service and disclosures within the packaging.

23. The disclosures contained in the packaging include a link to the AT&T website containing AT&T's broadband Internet disclosures. Changing the rules to require AT&T to instead include all or a portion of the text of AT&T's broadband Internet disclosures in the packaging would impose substantial costs on AT&T. GoPhone and Cricket today have more than [BEGIN CONFIDENTIAL INFORMATION] [END CONFIDENTIAL INFORMATION] pieces of inventory in warehouses and on the shelves of dealers, national retailers, and its own stores. None of this inventory contains the new disclosures. For much of this inventory, the cost of opening each package, adding all or a portion of the text of AT&T's transparency disclosures, and then resealing the packaging would exceed the value of the inventory, and thus it would be more cost-effective to simply throw these items away. AT&T has estimated that the costs of such repackaging would be more than \$10 million. Moreover, this issue would arise every time a change must be made to AT&T's broadband Internet disclosures in the future.

24. AT&T would also incur additional costs due to lost sales and other complications caused by shortages that will occur when these devices are removed from store shelves to be repackaged. If existing inventory has to be repackaged before it can be sold, there will be no

inventory to sell while that repackaging takes place. AT&T has estimated that these lost sales could easily result in tens of millions of dollars in lost revenues. Moreover, these costs would be recurring, because the issue will arise every time AT&T has to update its disclosures (*e.g.*, to reflect changes in measured speed, latency, or packet loss metrics).

25. In addition to costs associated with repackaging, as with AT&T's post-paid services, AT&T would have to modify prepaid systems and software. Prepaid customers can activate service in a variety of ways. Where possible, AT&T makes the terms of service and disclosures available again during the activation process. To the extent AT&T is required to provide all or a portion of the text of the broadband Internet disclosures during this process, significant modifications would be required.

26. First, when a GoPhone customer activates service in an AT&T store, a national retailer, or a dealer, paper copies of AT&T's transparency disclosures are available. These materials contain a link to the website containing AT&T's broadband Internet disclosures. To add all or a portion of the text of these disclosures to these materials would require AT&T to develop and distribute new materials to all of these sales channels, and to provide updated materials each time the disclosures change.

27. Second, AT&T GoPhone customers can activate service using the device or by calling an automated telephone system. The systems used for these activations remind the customer that they have obtained the relevant disclosures (in the packaging) and record customer confirmation that they have received such materials. If AT&T were required to add all or a portion of the text of its broadband Internet disclosures, these systems may have to be modified.

28. Third, when GoPhone or Cricket customers activate service using AT&T's or Cricket's online systems, a link to the broadband Internet disclosures is provided. To add all or a portion of the text of these disclosures, these online systems would have to be revised.

C. AT&T's Wireline Services

29. AT&T's wireline services are sold through four distinct sales channels: (1) online; (2) AT&T stores; (3) AT&T call centers; and (4) door-to-door sales. Each of these sales channels shares a common registration online process, and an AT&T customer must generally first register via this process before service is activated.

30. During this registration process customers are provided with the link to AT&T's broadband Internet disclosures. Modifying the systems underlying this online registration process so that it presents the customer with all or a portion of the wireline broadband Internet disclosures would be a substantial undertaking. There are multiple systems underlying this registration process, some of which are region-specific and others affect all regions.

31. Several changes would have to be made to these systems. To the extent AT&T must present some or all of the text of the broadband disclosures at the point of sale, these systems would have to be altered to display the disclosures, and customer service summary emails (and letters) would have to be modified. Making these changes would require developing the new requirements, assessing the impact on the systems architecture, developing the required applications, conducting systems integration testing, end-to-end testing, and implementation.

32. When services are self-installed or installed by a technician, AT&T also makes available a paper copy of the terms of service that includes a link to the AT&T website containing the transparency disclosures. To the extent these paper copies of the terms of service would have to include all or a portion of the broadband Internet disclosures, these documents would have to be updated, printed and distributed. In addition, as with our prepaid wireless

product, updating the disclosures in a self-install kit is a manual process and this process would have to be repeated each time AT&T modifies its broadband Internet disclosures.

D. Additional Burdens.

33. The burdens of a new point-of-sale requirement would not be limited to the substantial time and costs of modifying existing systems and processes. Because customers would have to be shown substantial new materials at the point of sale, AT&T's sales and customer service representatives would have to be trained to understand the revised point-of-sale systems and processes and to ensure compliance with the new requirements. They would also have to be trained to provide accurate responses to customers' questions about these new point-of-sale disclosures. AT&T has tens of thousands of sales representatives and customer service and support representatives. Even assuming that each of these sales representatives can be trained in only one hour, total training time will be tens of thousands of hours at a cost of millions of dollars. In addition, sales and customer service representatives would have to spend time explaining the new point-of-sale process to customers and responding to questions. This will add time to each sale and it will use additional customer service support time. Even if these tasks use up only a few minutes of sales and customer service representatives' time each day, these costs could easily exceed several million dollars per year. Moreover, AT&T will incur additional costs to develop, print, and distribute these training materials. And, there will be ongoing costs to ensuring that existing personnel maintain this training, and to train new sales and customer support employees.

34. And the costs of implementing new point-of-sale requirements are not limited to AT&T and other providers. AT&T's national retailers, dealers, and automobile partners would also incur substantial costs to upgrade their systems and processes.

IV. NO OFFSETTING BENEFITS

35. Although a requirement that providers show customers all or a portion of the text of the transparency disclosures at the point of sale would impose substantial burdens on AT&T, there do not appear to be offsetting benefits. The full text of AT&T's transparency disclosures is available to everyone on AT&T's website. Any potential or existing customer can view those disclosures at any time before, during, and after the point of sale. Moreover, it takes time to update all of the point-of-sale systems and processes, especially those that have paper disclosures. Consequently, any rule that requires all or a portion of the text of the transparency disclosures at the point of sale, rather than a link to AT&T's most up-to-date website, could undermine any benefits of such disclosures because the customer would be receiving outdated and incorrect information.

V. PROVIDERS SHOULD BE GIVEN SUFFICIENT LEAD TIME TO IMPLEMENT ANY NEW POINT-OF-SALE DISCLOSURE REQUIREMENTS AND WAIVERS FOR DISCLOSURES CONTAINED IN PACKAGING IN INVENTORY

36. If the FCC does change its rules to require providers to give customers all or a portion of the text of their broadband Internet disclosures at the point of sale, the FCC should, at a minimum, take two steps to reduce the enormous burdens.

37. First, significant lead time is needed for providers to implement these changes. AT&T estimates that it would take several months to update its systems and processes, implement the necessary sales staff training, and change the packaging of devices that include the disclosures within the device package. Moreover, because implementing these changes to AT&T's systems and processes is complex, disruptive, and expensive, the changes would have to be scheduled for one of the [BEGIN CONFIDENTIAL INFORMATION] [END CONFIDENTIAL INFORMATION] scheduled times during which AT&T implements major updates to its systems and processes each year. In addition, AT&T, national retailers, and many

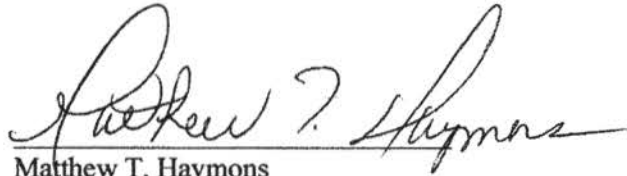
dealers “freeze” their point-of-sale systems (*i.e.*, no changes are permitted) during the fourth quarter to avoid potential disruptions or other issues during the important holiday sales season. For these reasons, the FCC should give providers at least one year to comply with any new point-of-sale requirements to allow for sufficient time to develop the new systems and processes and implement them during one of the regularly scheduled update times.

38. Second, the FCC should waive compliance with the new rule for all prepaid inventory up to the date when the new rule goes into effect to avoid the enormous costs (and waste) associated with searching through existing inventory for items packaged prior to the effective date that lack disclosures compliant with the new rules, repackaging those items, and the resulting potential gaps in inventory. Moreover, the Commission should adopt a solution that avoids these costs from recurring every time a provider has to update its broadband Internet disclosures. The Commission’s existing rule, which allows providers to supply a link to the broadband Internet disclosures, avoids this problem.

VERIFICATON PAGE

I declare under penalty of perjury that, based on the best information available to me, the foregoing is true and correct.

Executed on July 17, 2015.

A handwritten signature in black ink, appearing to read "Matthew T. Haymons", written over a horizontal line.

Matthew T. Haymons
Vice President-Technology Solutions Management